

REBUTTAL
TESTIMONY
of
BOYCE SPINELLI
before the
PUBLIC UTILITIES COMMISSION

FOR

AN ABBREVIATED FILING

for

PROVIDENCE WATER

October, 2002

**PROVIDENCE WATER SUPPLY BOARD
REBUTTAL TESTIMONY OF
BOYCE SPINELLI**

1 **Q. Please state your full name and title.**

2 A. Boyce Spinelli, Deputy General Manager - Administration
3 of the Providence Water Supply Board (Providence Water).

4
5 **Q. Have you reviewed the testimony of Thomas Catlin**
6 **regarding pension contributions, and would you comment on**
7 **it?**

8
9 A. Yes. Mr. Catlin is correct in stating that over the four
10 year period from FY 1999 through FY 2002, the City, the
11 School Board, and Providence Water contributed
12 approximately 60% of the actuary's recommended pension
13 contribution.

14
15 As Mr. Catlin noted in his testimony, it was necessary
16 for Providence Water to significantly lower its
17 contribution in FY 2001 and FY 2002 to ensure that
18 Providence Water was in fact contributing on the same
19 basis as the City and the School Department.

20
21 I believe that it is essential that the City, the School
22 Department, and Providence Water contribute on the same
23 basis. Otherwise, Providence Water would be subsidizing
24 the general fund of the City of Providence, and vice
25 versa. Neither situation is acceptable, nor would it be
26 equitable to Providence Water's ratepayers or City
27 taxpayers.

28

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1 **Q.** Do you agree with Mr. Catlin's recommendation that the
2 pension allowance in this docket be reduced to 60% of the
3 actuary recommended amount?
4

5 **A.** No. Providence Water requested pension funding in this
6 filing at 80% of the actuary's recommended contribution
7 because the City of Providence is definitely contributing
8 80% of the actuary's recommended amount in the fiscal
9 year ending June 30, 2003. Although Mr. Catlin is
10 correct in stating that there is no required minimum
11 annual contribution, the City of Providence is precluded
12 from contributing to the retirement fund an amount less
13 than the retirement contribution appropriation provided
14 for in the annual budget. (Please refer to Exhibit I -
15 Section 809 of the Providence Home Rule Charter).
16 Furthermore the retirement contribution appropriation is
17 80.37% of the actuary's recommendation. (Please refer to
18 Exhibit II - Retirement Contribution Appropriation, and
19 Exhibit III - Actuary Recommendation for City of
20 Providence General Fund). It is also noteworthy that the
21 City of Providence is required to adopt a balanced budget
22 each fiscal year. (Please refer to Exhibit IV - Sections
23 803 and 805 of the Providence Home Rule Charter). Thus,
24 the City of Providence is not facing a budget deficit for
25 the fiscal year ending June 30, 2003.

26
27 Providence Water cannot reduce its contribution to the
28

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1 60% recommended by Mr. Catlin. Providence Water does not
2 have the discretion to unilaterally contribute at a rate
3 different from the 80% rate of the City. Prior to
4 Providence Water reducing its contribution in FY 2001 and
5 FY 2002 to achieve equity, Providence Water conferred
6 with the City and provided the City with calculations
7 which clearly substantiated the action Providence Water
8 proposed to take, and the City approved the reduction
9 solely to allow Providence Water to achieve parity.

10
11 **Q. Do you agree with any of Mr. Catlin's other suggestions?**

12
13 A. I do concur with Mr. Catlin's recommendation that
14 Providence Water limit its pension contributions to a
15 percentage of the actuary's recommendation no greater
16 than that of the City and the School Department.
17 Providence Water has already demonstrated its willingness
18 to do this by reducing its contribution in FY 2001 and
19 2002.

20
21 I also agree with Mr. Catlin's suggestion that in the
22 event that Providence Water's contribution fails to equal
23 a minimum of 90% of the rate making allowance, Providence
24 Water would notify the Commission and the Division, and
25 would be willing to demonstrate whether any such
26 reduction below the allowed amount should be set aside
27 for future pension contributions.

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1 Q. Does that conclude your rebuttal testimony?

2

3 A. Yes.